

Fiscal Management Division
Statewide Fiscal Services Dept.
Expenditure Audit Section
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Post-Payment Audit of Texas State Board of Examiners of Psychologists



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EXECUTIVE SUMMARY

Audit scope

We audited a sample of the Texas State Board of Examiners of Psychologists (Board) payroll, purchase and travel transactions that processed through the Uniform Statewide Accounting System (USAS) and the Uniform Statewide Payroll/Personnel System (USPS) during the period beginning March 1, 2016 through Feb. 28, 2017, to determine compliance with applicable state laws.

The Board receives appendices with the full report that includes a list of the identified errors. Copies of the appendices may be requested through a [Public Information Act](#) inquiry.

The audit provides a reasonable basis for the findings set forth in this report. The Board should implement the recommendations listed in the Detailed Findings of this report. It is the Board's responsibility to seek refunds for all overpayments unless it determines it is not cost effective to do so. If necessary, the Comptroller's office may take the actions set forth in Texas Government Code, Section 403.071(h), to ensure that the Board's documents comply in the future. The Board must ensure that the findings discussed in this report are resolved.

Texas law requires the Texas Comptroller of Public Accounts (Comptroller's office) to audit claims submitted for payment through the Comptroller's office. All payment transactions are subject to audit regardless of amount or materiality.

Payroll transactions

Payroll transactions were audited for compliance with the General Appropriations Act (GAA), the [Texas Payroll/Personnel Resource](#) and other pertinent statutes. A limited sample of voluntary contributions was also audited.

The audit identified:

- Three files missing new hire documentation.

Purchase transactions

Purchase transactions were audited for compliance with the GAA, [eXpendit](#), the [State of Texas Procurement Manual](#) and other pertinent statutes.

The audit identified:

- Seven instances where the Board did not use TIBH Industries, Inc.

Travel transactions

Travel transactions were audited for compliance with the GAA, [Textravel](#) and other pertinent statutes.

- No issues were identified.

Security

The audit included a security review to identify any of the Board's employees with security in USAS or on the voucher signature cards who were no longer employed or whose security had been revoked. Upon termination or revocation, certain deadlines must be observed so that security can be revoked in a timely manner.

- No issues were identified.

Internal control structure

The Board's internal control structure was reviewed. The review was limited to obtaining an understanding of the Board's controls sufficient to plan the audit and did not include tests of control policies and procedures.

The audit identified:

- Two employees had the ability to process and release payments in USAS, process and release payrolls, as well as pick up warrants from the Comptroller's office, adjust payment instructions in TINS and approve vouchers without oversight.

Fixed assets

The audit included a limited number of fixed assets acquired by the Board during the audit period to test for proper tracking in the Board's internal system. All assets tested were in their intended location and properly recorded in the State Property Accounting (SPA) System.

- No issues were identified.

Prior post-payment audit and current audit recurring findings

A prior post-payment audit of the Board's payroll, purchase and travel transactions was concluded on Aug. 9, 2013.

During the current audit, the following recurring findings were identified:

- Control risk over expenditure processing.
- Missing documentation.

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DETAILED FINDINGS — PAYROLL

Missing Payroll Documentation

Finding

During our audit of the Board's personnel files, we identified three files missing new hire documentation. One file was also missing the employment application form. The Board's personnel procedures require a Personnel Action Form (PAF) to be completed for all personnel actions and an application form to be completed prior to hiring. The Board explained that there was an unexpected change in personnel in the accounting department and the files were not organized. Once hired, the new accountant reviewed the files and organized them to the best of her ability.

As result of the audit, the Board created new hire and termination PAFs to be included in the employees' personnel files. The new PAFs include the employees' correct new hire/termination date and the date they were created.

Agencies are required to maintain specific documentation to support the legality, propriety, and fiscal responsibility of each payment made out of the agency's funds. The Comptroller may require the documentation to be made available during a post-payment audit, a pre-payment audit, or at any other time. See [Texas Payroll/Personnel Resource – General Provisions – Required Documentation](#).

The payroll schedule was provided to the Board and is not included with this report due to confidentiality issues.

Recommendation/Requirement

We recommend the Board continue to review its files to ensure that all personnel actions are documented appropriately and maintained in the personnel files.

Board Response

The agency has policies and procedures in place ensuring that all personnel actions are documented appropriately and maintained in personnel files. The findings during this audit occurred prior to this administration, and have now been documented with a memo to those personnel files. There has been no missing documentation since the current Executive Director has been hired Sept. 1, 2012.

DETAILED FINDINGS — PURCHASE

TIBH Industries, Inc. Not Used

Finding

The Board did not use the State Use Program (Program) set-aside contracts for seven transactions as required. The purchases procured items offered by TIBH Industries, Inc. (TIBH). According to the Board, these errors occurred due to an oversight.

The Texas Council on Purchasing from People with Disabilities, abolished effective Sept. 1, 2016, by Senate Bill 212, 84th Legislature, Regular Session, had the statutory responsibility for implementing the Program. The Program was transferred to the Texas Workforce Commission Sept. 1, 2016, which establishes set-aside purchasing programs for commodities and services from community rehabilitation programs employing disabled Texans. The Program assists persons with disabilities in achieving maximum personal independence by engaging in useful, productive employment. TIBH competitively won the bid in 1978 to administer the day-to-day operations of the program. In this capacity, TIBH handles everything from order processing to fulfilling and invoicing POs to market history analysis, pricing requests, as well as Community Rehabilitation Program registration and compliance. If a product or service is approved, it is set aside from competitive bidding, entered on a Comptroller's office term contract and listed in a catalog. No competitive bidding is required.

[Texas Government Code, Section 2155.138\(a\)](#) and [Texas Human Resources Code, Section 122.008](#), require all state agencies and universities to purchase from TIBH all suitable products or services that meet applicable and functional specifications. Moreover, [Texas Human Resources Code, Section 122.016\(b\)](#), requires the Statewide Procurement Division (SPD) to provide a monthly report (known as the State Use or Exception Report) listing all items not purchased from TIBH. For SPD to compile the report, each state agency must submit to SPD all delegated purchases not acquired from the TIBH list of set-aside contracts. See [State of Texas Procurement Manual](#) – Section 2.5.1, Non-Delegated Purchases/TCPPD.

Recommendation/Requirement

The Board must follow the procedures outlined in the [State of Texas Procurement Manual](#) for all goods or services manufactured by TIBH. The Board must ensure that it reports to SPD all delegated purchases not made from TIBH each time the product or service is not purchased from TIBH.

Board Response

The agency has policies and procedures in place to follow the State of Texas Procurement Manual for all goods and services manufactured by TIBH. The agency will document the reason for all delegated purchases not made from TIBH, and report these to the State Purchasing Division of the Comptroller's office.

DETAILED FINDINGS — INTERNAL CONTROLS

Control Risk Over Expenditure Processing

Finding

As part of our audit process, we reviewed certain limitations the Board placed on its accounting staff's ability to process expenditures. Also, we reviewed the Board's security for USAS, USPS, TINS, and signature cards. We did not review or test any internal or compensating controls that the agency may have relating to USAS, USPS or TINS security or internal transaction approvals.

During the audit period, two Board employees could process and release payments in USAS, process and release payrolls in USPS and pick up warrants from the Comptroller's office, adjust payment instructions in TINS and approve vouchers without oversight. The Board stated that this issue occurred due to the size of its accounting staff. The Board stated that due to our recommendations in the prior audit, it has changed its agency profile to implement the detective control risk. Although there were no occurrences of unauthorized transactions, the Board agreed that additional changes in security need to be implemented to reduce risks. The Board initiated these changes during the audit period.

We ran a report to determine whether any of the Board's payment documents processed through USAS during the audited period because of the action of only one individual. The report did not identify any expenditure that processed without oversight. Also, we confirmed that during the audit period the Board did not register any documents released by unauthorized users.

Recommendation/Requirement

The Board should segregate each task to the extent possible to ensure that no individual is able to process payments without another person's involvement.

1. The Board must limit access at the time it is set up (96A screen) to either enter/change vouchers or release/approve batches.
2. The Board should elect to have the document tracking control edit on the Agency Profile (D02) set to either:
 - Prevent a user from releasing a batch that the same user entered or altered for the agency
 - OR –
 - Warn the user when the same user attempts to release his or her own entries or changes. See [USAS Accounting and Payment Control \(FPP B.005\)](#).
3. The Board should request the DAFR9840 on the Report Request Profile (91) screen for a list of documents that were entered or altered by the same user who released the batch for review and consideration by a supervisor or a manager.

The DAFR9840 identifies and analyzes documents with these action codes:

- 200 – Transaction Added to Accounting Files
 - 205 – Transaction on Accounting Files Changed
 - 210 – Transaction Deleted from Accounting File
 - 201 – Release of Batch
4. The Board must work with Comptroller's office Statewide Fiscal Systems (SFS) Security staff to set up user profiles that separate the entry and approval of payroll transactions in USPS.
 5. The Board must limit the access of users who can Enter/Change voucher or Release/ approve batch in USAS to view only access in TINS (PTINS02). An individual should not be able to create a vendor or change a vendor profile, create a payment, and approve the payment.

Board Response

The agency has taken the following steps to control risk over expenditure processing:

1. *Since the agency's conversion to the CAPPS HR/Payroll system in July 2017, only one individual can release payroll.*
2. *One individual who had access to both enter/change expenditure and travel vouchers and to release them has been limited to only releasing capability for these vouchers.*
3. *One individual has been removed from all TINS access.*
4. *The agency has a document control edit on the Agency Profile set to warn the user when the same user attempts to release his or her own entries or changes.*
5. *The agency will run the DAFR 9840 on a quarterly basis for a list of documents that were entered or altered by the same user who released the batch.*

The agency will continue to have one user who can enter/change expenditure and travel vouchers and with access to the TINS system, due to its small size and limited staff and resources. It should be noted that during the audit period, no expenditure/travel vouchers or payroll processed without oversight by another person. Additionally, the person who has signature authority to approve expenditure and travel vouchers does not enter/change or release them.

The agency is taking all precautions necessary, and believes there are adequate internal controls in place to mitigate any risk associated with the processing of expenditure, travel and payroll processing.